

REDACTED

ATTACHMENT B

**BellSouth Telecommunications, Inc.
FPSC Docket No. 020119 & 020578 -TP
Request for Confidential Classification
Page 1
12/16/02**

**REQUEST FOR CONFIDENTIAL CLASSIFICATION OF EXHIBIT
JAR-8 TO THE REBUTTAL TESTIMONY OF JOHN RUSCILLI; THE
REBUTTAL TESTIMONY OF W. BERNARD SHELL AND EXHIBIT
WBS-3; THE REBUTTAL TESTIMONY OF SAMUEL G. MASSEY
AND EXHIBITS SGM-1 AND SGM-2 AS FILED ON NOVEMBER
25, 2002 IN DOCKET 020119 & 020578 -TP.**

Two Redacted Copies

DOCUMENT NUMBER - DATE

13686 DEC 16 08

FPSC-SECRET CLASSIFICATION CLERK

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

BELLSOUTH TELECOMMUNICATIONS, INC.
REBUTTAL TESTIMONY OF W. BERNARD SHELL
BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NOS. 020119-TP and 020578-TP
NOVEMBER 25, 2002

Q. PLEASE STATE YOUR NAME, ADDRESS AND OCCUPATION.

A. My name is W. Bernard Shell. My business address is 675 W. Peachtree St., N.E., Atlanta, Georgia. I am a Manager in the Finance Department of BellSouth Telecommunications, Inc. (hereinafter referred to as "BellSouth"). My area of responsibility is the development of economic costs.

Q. ARE YOU THE SAME W. BERNARD SHELL THAT FILED DIRECT TESTIMONY IN THIS DOCKET?

A. Yes. I filed direct testimony on October 23, 2002.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is to respond to the testimony of Ms. Danyelle Kennedy, representing the Florida Competitive Carriers Association ("FCCA"). My testimony will address her claim regarding the waiver of installation charges.

Q. ARE MS. KENNEDY'S ASSERTIONS CONCERNING INSTALLATION

1 **CHARGES CORRECT?**

2

3 A. No. BellSouth evaluated the impact of the waiver of the installation charges in its
4 Key Customer offerings. The only installation charges waived by BellSouth are
5 the Line Connection charges contained in Section A4 of the General Subscriber
6 Service Tariff. The costs associated with these installation charges are included in
7 BellSouth's Key Customer margin analysis that is discussed in my direct
8 testimony, and the rates of the Key Customer service offerings are at or above
9 BellSouth's Total Service Long Run Incremental Cost ("TSLRIC") even with the
10 waiver of installation charges. Therefore, other customers or service offerings do
11 not subsidize the Key Customer offerings.

12

13 **Q. PLEASE DESCRIBE THE ANALYSIS CONCERNING THE WAIVER OF**
14 **INSTALLATION CHARGES.**

15

16 A. Installation charges (Line Connection charges as tariffed in Section A4 of the
17 Tariff) apply on a per customer request basis. For example, if a business customer
18 requests two lines, BellSouth would apply the appropriate charge for the first line
19 requested (\$56.00) and the additional line charge (\$12.00) for each additional line
20 requested at the same time to be provided on the same date on the same premises.
21 The costs associated with these installation charges were factored into the analysis
22 of the Key Customer offerings. Exhibit WBS-1, attached to my direct testimony in
23 this docket, demonstrates that the cost analysis includes the maximum per-line
24 Line Connection cost ****([REDACTED])**** because most customers who qualify for the
25 Key Customer offerings will have more than one line. The Line Connection costs

1 are the costs associated with the waived installation charges. If three or more lines
2 were used, the per-line cost would be less since the cost per additional line is less
3 than the cost for the first line. In other words, the additional line installed adds a
4 lower additional cost such that the per line average cost would be less. The
5 maximum per-line cost is then converted to a per-month, per-line cost by dividing
6 the maximum per-line cost by 36 months, which results in a per-month, per-line
7 cost of ** ■ **. Thirty-six months was used since this is the term of agreement
8 required to receive the maximum percent discount used in this analysis. Exhibit
9 WBS-1 evaluated the 1FB basic business service ("1FB") to ensure that it would
10 be above cost in all rate groups when discounted at the maximum level. Because
11 the resulting monthly 1FB margins after discounting at the maximum level are
12 significantly more than the Line Connection per-month cost of ** ■ **, it is
13 clear that the discounted 1FB is above cost, notwithstanding the waived
14 installation charges. Additionally, Exhibit WBS-3, attached to this testimony,
15 demonstrates that the margins for the individual rate elements or the margins
16 resulting from the development of a typical or minimal configuration are more than
17 the Line Connection per-month cost of ** ■ **. Thus, all of the Key Customer
18 offerings are above cost.

19

20 **Q. PLEASE DISCUSS MS. KENNEDY'S ASSERTION ABOUT WHOLESALE**
21 **NONRECURRING CHARGES.**

22

23 A. Because Ms. Kennedy did not explain what nonrecurring rates she relied upon to
24 quote the wholesale charges of \$254.62 and \$132.69, it is difficult to address them.
25 However, Ms. Kennedy seems to be implying that there are numerous nonrecurring

1 charges that BellSouth waives in the Key Customer promotion. As I have
2 explained above, BellSouth only waives the installation charges contained in
3 Section A4 of the Tariff. BellSouth does not waive the service-specific
4 provisioning nonrecurring charges found in the same section of the tariff where the
5 recurring/monthly charges for a service are located. For example, MegaLink
6 Service has a service-specific provisioning nonrecurring charge of \$350.00 located
7 in section B7.1.3 of the tariff. This charge is not waived. The Key Customer
8 offerings do not waive the service-specific nonrecurring charges related to a
9 particular service.

10

11 Exhibits WBS-1 and WBS-3 show that the rates for BellSouth's Key Customer
12 offerings are provided at or above TSLRIC after the waiver of the one-time
13 installation charge contained in Section A4 of the Tariff.

14

15 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

16

17 A. Yes.

18

19

20

21

22

23

24

25

		A	B	C	D			
0.75								
SOC	Description	Qty	Revenue	RateType	USOC Rate	NRC	RecurringCost	Margin
PJQX	IntraLATA Private Line Service, Voice Grade Local Channel	46		Tariff	\$38.00			Excluded
PJMX	IntraLATA Private Line Service, Voice Grade Local Channel	31		Tariff	\$39.00			Excluded
PJNX	IntraLATA Private Line Service, Voice Grade Local Channel	41		Tariff	\$39.00			Excluded
1HB4	Mileage-Foreign Exchange service, distance sensitive	437		Calc	\$4.05			Excluded
PJHX	IntraLATA Private Line Service, Voice Grade Local Channel	507		Tariff	\$26.00			Excluded
PJUX	IntraLATA Private Line Service, Voice Grade Local Channel	188		Tariff	\$26.00			Excluded
PJLX	IntraLATA Private Line Service, Voice Grade Local Channel	38		Tariff	\$30.00			Excluded
FP115	Broadband Exchange Line Customers Premise to Wire Center at 1.536 Mbps	362		Calc	\$139.69			Frame
1E6X	Pvt line-local channel tie line service, type 2110	180		Calc	\$14.50			EXTSERV
1E6Q	Pvt line-local channel tie line service, type 2110	3,143		Calc	\$14.59			EXTSERV
1E6Y	Pvt line-local channel tie line service, type 2110	93		Calc	\$14.83			EXTSERV
1RSD3	IntraLATA Private Line Service, SynchroNet Service, Digital Local Service	60		Tariff	\$49.35			Excluded
1RSD9	IntraLATA Private Line Service, SynchroNet Service, Digital Local Channel	38		Tariff	\$49.35			Excluded
1DPZ	MegaLink Local Channel, First 1/2 Mile	347		Tariff	\$95.05			MLINK
P1JAX	IntraLATA Private Line Service, Sub-Voice Grade Local Channel	131		Tariff	\$17.60			Excluded
3BBS	IntraLATA Private Line Service, Interoffice Channel, Voice Grade-Fixed	3,337		Tariff	\$30.00			Excluded
SBLFX	Back-Up Line	2,741		Calc	\$13.95			BACKUPFL
S15	IntraLATA Private Line Service, Automatic ringdown signaling arrangement	144		Tariff	\$9.70			Excluded
19FX	Foreign Exchange Mileage-Fixed	29,041		Tariff	\$28.50			FEXC
1HGV	Foreign Central Office mileage-Fixed	3,259		Tariff	\$28.50			FEXC
SDBD	Dual Tone Multifrequency pulsing option on DID	1,416		Tariff	\$7.50			Excluded
TM5	PBX Service, combination message rate trunk, additional	3,059		Calc	\$18.28			PBX
M4LFA	Station Link Flat Rate	3,114		Calc	\$15.45			CENTREX
19FX	Foreign Exchange Mileage-Measured	29,041		Tariff	\$1.60			FEXC
1HGV	Foreign Central Office mileage-Measured	3,259		Tariff	\$1.65			FEXC
TM3	PBX Service, outward message rate trunk, additional	203		Calc	\$19.60			PBX
SAU	IntraLATA Private Line Service-Type B signaling arrangement	191		Tariff	\$5.40			Excluded
M4LFH	Station Links Equipped with Caller ID Flat Rate	546		Calc	\$15.78			CENTREX
EKMOX	Main station line, distance sensitive	67		Calc	\$15.43			ESSX
QENAA	Standard Features per Station Line, each	3,381		Tariff	\$3.95			CENTREX

Private/Proprietary: No disclosure outside BellSouth except by written agreement.

A

B

C

D

091X	FX Local Channel-Primary Channel	1,603	Tariff	\$21.15	FEXC
01M52	5ESS Feature Group 2	205	Calc	\$7.82	MSERV
EXMNX	Digital ESSX Service, Wire Center Lines, up to 2 1/2 miles, per Line	2,517	Calc	\$6.66	ESSX
11QWU	MegaLink/LightGate, analog trunk feature activation at central office	2,789	Calc	\$5.68	megalink
11NO1	Interoffice channel mileage, fixed rate, 0-8 miles	23	Tariff	\$59.75	MLINK
11NO2	Interoffice channel mileage, fixed rate, 9-25 miles	20	Tariff	\$59.75	MLINK
D51FN	ISDN Conference Drop Hold and Transfer	500	Calc	\$2.71	Note 1
11RSD6	IntraLATA Private Line Service, SynchroNet Service, Digital Local Service	41	Tariff	\$69.10	Excluded
A5SBX	WatchAlert Service Business Line	2,488	Tariff	\$9.00	Note 2
MWW	Message Waiting - Stutter Dialtone	46,668	Calc	\$0.38	Note 1
11LBE	Mileage-extension line	2,595	Calc	\$1.15	Note 3
N5Q	Repeat Dialing (*66)	49,559	Tariff	\$1.50	Note 1
F5S	Flexible Call Forwarding	2,961	Tariff	\$5.00	Note 1
E1XO1	Package of 3 features, Group A	683	Calc	\$1.66	Note 1
SMV	Surrogate Client Number (Voice Messaging Identification Number)	794	Calc	\$2.49	Note 1
N5S	Call Return (*69)	76,419	Tariff	\$1.50	Note 1
11MBCL	Business Message Rate Line	124	Calc	\$22.93	Note 4
N5Y	Call Block (*60)	44,271	Tariff	\$1.50	Note 1
11PG5	Mileage-pvt line channel, voice grade	448	Calc	\$2.70	Note 3
D51FG	Additional Call Appearance of the Primary Directory Number	1,458	Calc	\$1.58	Note 1
31BBS	IntraLATA Private Line Service, Interoffice Channel, Voice Grade-Measured	3,337	Tariff	\$1.65	Note 3
SRG	Selective Class of Call Screening	2,285	Calc	\$1.67	Note 1
11RSD5	IntraLATA Private Line Service, SynchroNet Service, Digital Local Channel	327	Tariff	\$69.10	cluded
N5T	Call Tracing (*57)	31,309	Tariff	\$2.00	Note 1
11MB	Business Message Rate Line	4,320	Calc	\$23.65	Note 4
H5Y	Anonymous Call Rejection	966	Calc	\$3.98	Note 1
E5L	8 Code Speed Calling	9,670	Tariff	\$2.00	Note 1
GCJRC	Call Forwarding Don't Answer Ring Control	52,398	Calc	\$2.04	Note 1
GCE	Call Forwarding Busy Line	48,323	Calc	\$2.13	Note 1
31BFA	SynchroNet Interoffice Channel, each Mile or Fraction Thereof	1,597	Calc	\$2.52	Note 3
31BDA	SynchroNet Interoffice Channel, each Mile or Fraction Thereof	1,104	Calc	\$2.52	Note 3
31BBA	SynchroNet Interoffice Channel, each Mile or Fraction Thereof	424	Calc	\$2.54	Note 3
MVP	Call Hold, Intercom, Call Pickup, User Transfer/Conferencing	197	Tariff	\$6.00	Note 1

Private/Proprietary: No disclosure outside BellSouth except by written agreement.

VPAL	Prestige Service, Additional Line	355
ICJ	Call Forwarding Don't Answer	45,443
ESF	30 Code Speed Calling	20,856
M1LFA	MultiServ Station Link Flat Rate each	649
M1LFH	MultiServ Station Link Equipped with Caller ID Flat Rate each	114
FP164	KBPS	119
ESM	Call Forwarding	42,426
LQTEB	ISDN Threshold Pricing, Basic Rate DSL Access Arrangement, Business	212
LQTTB	ISDN Threshold Pricing, Basic Rate DSL Access Arrangement, Business	3,242
LTBLB	Individual Line ISDN Business - Low Volume Access/Digital Subscriber Line (283
QRS	RingMaster I - One RingMaster Number with Distinctive Ringing	5,618
ESC	Three-Way Calling	35,530
ESCWT	Three-Way Calling with Transfer	37,855
ESX	Call Waiting	37,940
ELY2N	User Transfer and Conferencing	9,669
M9QCX	NAR Package Both Way Flat Rate	1,653
M2RED	Meet Me Conference Executive Conference per Conference Number	73
TIT	Long distance trunks arranged for connection to company's toll switchboard	149
EBY33	User Transfer/Conferencing and Call Hold	311
EOA	Network Access Register Flat Rate Service, 2-Way Operation, each (ESSX)	1,363
EBY32	User Transfer/Conferencing and Call Pickup	293
TITXA	Long distance trunks connected to Telco toll switchboard or DDD network	120
QREX1	Custom Toll Restriction	7,268
QREXA	Custom Toll Restriction plus expanded local calling	6,595
EGPA	Call Forwarding Don't Answer	2,364
NRX3X	ESSX Intercom Charge, per flat rate main station	2,650
GCZ	Remote Activation of Call Forwarding	41,554
TMC	PBX Service, combination message rate trunk, first	682
EATPA	Call Forwarding	1,860
QRS1X	RingMaster II - First RingMaster Number with Distinctive Ringing	643
BUA	Business measured line	168
FP156	KBPS	75

A	B	C	D
Tariff	\$6.00		Note 1
Calc	\$2.68		
Tariff	\$3.00		
Tariff	\$36.00		
Tariff	\$36.00		
Calc	\$57.05		
Calc	\$3.26		
Tariff	\$55.00		
Tariff	\$55.00		
Tariff	\$55.00		
Tariff	\$4.00		
Tariff	\$4.70		
Tariff	\$4.95		
Calc	\$4.16		
Calc	\$7.00		
Calc	\$16.28		
Tariff	\$15.50		
Calc	\$26.32		
Calc	\$8.00		
Calc	\$16.66		
Calc	\$7.48		
Calc	\$26.73		
Calc	\$5.00		
Calc	\$5.00		
Calc	\$5.00		
Calc	\$9.09		
Tariff	\$5.20		
Calc	\$27.15		
Calc	\$5.50		
Tariff	\$6.00		
Calc	\$27.37		
Calc	\$58.45		

Private/Proprietary: No disclosure outside BellSouth except by written agreement.

			A	B	C	D
MU	Message rate, PBX trunk, outdial, first	37	Calc	\$27.44		
BY48	User Transfer/Conferencing, Call Pickup and Call Hold	341	Calc	\$9.00		
UM3X	ESSX Intercom charge, per message rate main station	104	Calc	\$9.63		
SD	Caller ID Number Delivery	862	Calc	\$6.43		
CQSQ	Private line local channel tie line service	88	Tariff	\$24.50		
40	Call Forwarding Variable-Outside, per line	311	Calc	\$5.92		
R7N3	Provisioning of more than 1 simultaneous call per TN in an ICE arrangement	257	Calc	\$7.73		
IFB	Business Line	493,173	Calc	\$30.32		
IFBCL	Business Line	77,645	Calc	\$30.32		
TTXB	Long distance trunks connected to Telco toll switchboard, DDD or IDDD netwo	322	Calc	\$28.12		
CT2C	BellSouth Channelized Trunks, Combination/Two-Way Channel, Flat Rate, per	112	Calc	\$30.86		
6HPA	Call Waiting	452	Calc	\$7.00		
NXMCR	Caller ID Name and Number Delivery with Anonymous Call Rejection	56,763	Tariff	\$7.50		
NXMMN	Caller ID Name and Number Delivery	2,300	Tariff	\$7.50		
SHK1N	Customer Channel Interface, Per Node, Per DS1	24	Calc	\$41.88		
HTG	Hunting/Rollover Service	305,516	Calc	\$8.14		
NDT	PBX Service, BellSouth CMRS Local Loop DID trunk termination	2,430	Tariff	\$21.80		
7FB	Business Line-Incoming Only	252	Calc	\$32.65		
QFB	Business line, outgoing	539	Calc	\$32.81		
CTOC	BellSouth Channelized Trunks, Outward Only Channel, Flat Rate, per Channel	144	Calc	\$33.00		
LQGF	ISDN B Channel Threshold Voice/Data	6,701	Calc	\$15.55		
HGTGMS	Hunting/rotary service message rate	4,652	Calc	\$9.53		
LPRFX	Channels Activated B Channel Flat Rate Circuit Switched Voice/Data	650	Calc	\$16.06		
NQT	MegaLink Channel Service NAR, per flat rated line or trunk outgoing	215	Calc	\$16.88		
AVT2	Courtesy Complete	284	Tariff	\$10.00		
BD2	Business Line with Touch-Tone and BellSouth Business Plus Calling Plan 2	17,303	Tariff	\$35.10		
RXR	Main station without set	85	Calc	\$35.58		
NQM	MegaLink Channel Service NAR, per flat rated line or trunk both ways	2,088	Calc	\$16.67		
BUE	Business line, hunting, Telco equipment	246	Calc	\$37.21		
RCFV	Remote Call Forwarding - Local	1,814	Tariff	\$16.00		
RCFVQ	Remote Call Forwarding	103	Tariff	\$16.00		
RCFVS	Remote Call Forwarding	609	Tariff	\$16.00		
BD2CL	Business Line with Touch-Tone and BellSouth Business Plus Calling Plan 2	5,689	Tariff	\$35.10		

Private/Proprietary: No disclosure outside BellSouth except by written agreement.

		A	B	C	D
QP	MegaLink Channel Service NAR, per flat rated line or trunk, incoming	544	Calc	\$16.71	
MCSQ	Outward WATS service, statewide	60	Calc	\$37.45	
SA1X	Open 800 Service Over an Access Line	73	Calc	\$37.45	
CA	Remote Call Forwarding-Additional Capacity	3,235	Tariff	\$16.00	
LO1AA	Basic Rate ISDN DSL Arrangement Optional Usage Plan A, Business	36	Tariff	\$69.95	
NXECR	Enhanced Caller ID with Anonymous Call Rejection	18,984	Tariff	\$17.00	
LNOC	Interoffice channel mileage, each airline mile, over 25 miles	359	Calc	\$18.15	
3LBCA	SynchroNet Interoffice Channel, each 9-25 Miles Fixed Monthly Rates	79	Calc	\$28.07	
3LBEA	SynchroNet Interoffice Channel, Over 25 Miles, Fixed	44	Calc	\$29.17	
3LBAA	SynchroNet Interoffice Channel, each 0-8 Miles Fixed Monthly Rates	74	Calc	\$29.48	
COMP1	Complete Choice for Business 1 Line Package	15,372	Tariff	\$52.00	
RR7BL	Primary Rate ISDN Extended Reach Inward Data Fianl Route B-Channels	46	Calc	\$46.50	
LDPA	MegaLink Local Channel, Each Additional 1/2 Mile	713	Calc	\$41.80	
2UN64	IntraLATA Private Line Service, SynchroNet Service, Node Channel Terminati	44	Calc	\$24.53	
SHK1C	Central Office Channel Interface, Per Customer Node, Per DS1	24	Calc	\$38.96	
TFU	PBX Service, outgoing flat rate trunk	204	Calc	\$46.30	
FX52B	Foreign Exchange business, measured, two-way	1,517	Calc	\$44.17	
2UN56	IntraLATA Private Line Service, SynchroNet Service, Node Channel Terminati	326	Calc	\$24.86	
LN0B	Interoffice channel mileage, each airline mile, 9-25 miles	289	Calc	\$23.96	
TFC	PBX Service, combination flat rate trunk	6,605	Calc	\$47.24	
FX5CX	Foreign Exchange access, combination trunk, measured	88	Calc	\$45.00	
LN0A	Interoffice channel mileage, each airline mile, 0-8 miles	120	Calc	\$24.54	
TFN	PBX Service, inward flat rate trunk	68	Calc	\$47.91	
TF5CX	Business, flat rate trunk w/meas. usage charge, (leaky PBX) comb.(FL only)	57	Calc	\$45.75	
RR7BD	Primary Rate ISDN B-Channel for Inward Data Option	474	Calc	\$25.22	
BC2	BellSouth Business Choice Package 2	847	Tariff	\$48.95	
COM21	Complete Choice for Business, Business Plus Option 2, 1 Line Package	829	Tariff	\$57.00	
TDD1X	PBX Service, DID inward trunk	1,863	Calc	\$47.22	
FRH12	Frame Relay Service, Customer Connection at 128 Kbps	146	Calc	\$91.53	
FRH64	Frame Relay Service, Customer Connection at 64 Kbps	126	Calc	\$59.04	
RR7BV	Primary Rate ISDN B-Channel for Use with Voice/Data Application	8,651	Tariff	\$41.25	
FRH56	Frame Relay Service, Customer Connection at 56 Kbps	73	Calc	\$59.65	

Private/Proprietary: No disclosure outside BellSouth except by written agreement.

A

B

C

D

LD1E	Primary Rate ISDN Non-Distance Sensitive Mileage	438	Calc	\$127.72		
COMP2	Complete Choice for Business 2 Line Package	4,666	Tariff	\$94.00		
FRH25	Frame Relay Service, Customer Connection at 256 Kbps	75	Calc	\$177.28		
SP1AC	Area Connection - First	8	Tariff	\$235.00		
COM22	Complete Choice for Business, Business Plus Option 2, 2 Line Package	664	Tariff	\$99.00		
BD1	Business Line with Touch-Tone and BellSouth Business Plus Calling Plan 1	5,478	Tariff	\$64.10		
BD1CL	Business Line with Touch-Tone and BellSouth Business Plus Calling Plan 1	2,010	Tariff	\$64.10		
ECTL1	BellSouth Channelized Trunks, 1.544 Mbps Access Line, per Access Line	15	Calc	\$145.60		
COMP3	Complete Choice for Business 3 Line Package	2,049	Tariff	\$139.00		
BC1	BellSouth Business Choice Package 1	149	Tariff	\$77.95		
COM23	Complete Choice for Business, Business Plus Option 2, 3 Line Package	56	Tariff	\$144.00		
M1GNC	ISDN Interoffice Channel per DSL	33	Calc	\$113.15		
COM11	Complete Choice for Business, Business Plus Option 1, 1 Line Package	862	Tariff	\$87.00		
COM2H	Complete Choice for Business 3 Line Package	716	Tariff	\$147.00		
COMP4	Complete Choice for Business 3 Line package	7,047	Tariff	\$142.00		
COM24	Complete Choice for Business 4 Line Package	579	Tariff	\$182.00		
COMF6	Complete Choice for Business 6 line Package	668	Tariff	\$242.00		
COM25	Complete Choice for Business 5 line Package	113	Tariff	\$214.00		
TDDCX	Direct-Inward-Dialing combination trunk	19	Calc	\$96.12		
COMF5	Complete Choice for Business 5 line Package	912	Tariff	\$218.00		
COMF7	Complete Choice for Business 7 line Package	406	Tariff	\$275.00		
COM26	Complete Choice for Business 6 line Package	77	Tariff	\$247.00		
COMF8	Complete Choice for Business 8 line Package	306	Tariff	\$308.00		
COM27	Complete Choice for Business 7 line Package	40	Tariff	\$280.00		
COMF9	Complete Choice for Business 9 line Package	621	Tariff	\$341.00		
COM28	Complete Choice for Business 8 line Package	24	Tariff	\$313.00		
FR71V	Primary Rate ISDN Voice/Data Interface	433	Calc	\$366.19		
COM29	Complete Choice for Business 9 line Package	30	Tariff	\$346.00		
FR7CN	Calling Name Delivery Feature, per Primary Rate Interface	13	Calc	\$100.00		
COM12	Complete Choice for Business, Business Plus Option 1, 2 Line Package	223	Tariff	\$159.00		
ECTS1	BellSouth Channelized Trunks, Service Interface, per Access Line	14	Calc	\$201.00		
UM24	MegaLink/LightGate (AKA BellSouth SPA Point to Point Network) CO channel	124	Calc	\$189.21		

Private/Proprietary: No disclosure outside BellSouth except by written agreement.

A

B

C

D

RR71U	Primary Rate ISDN Extended Reach Inward Data Final Route Interface	3	Calc	\$375.00			
RR71E	Primary Rate ISDN Inward Data Option Interface	24	Calc	\$371.46			
RRH15	Frame Relay Service, Customer Connection at 1.536 Mbps	140	Calc	\$330.77			
COM1H	Complete Choice for Business 3 Line Package	173	Tariff	\$237.00			
VUM48	MegaLink/LightGate (AKA BellSouth SPA Point to Point Network) CO channel	4	Calc	\$325.00			
LQ1BA	Basic Rate ISDN DSL Arrangement Optional Usage Plan B, Business	294	Tariff	\$249.95			
LQ1BC	Basic Rate ISDN DSL Arrangement Optional Usage Plan B, Business	12	Tariff	\$249.95			
COM14	Complete Choice for Business 4 Line Package	89	Tariff	\$305.00			
COM15	Complete Choice for Business 5 line Package	17	Tariff	\$371.00			
RRH38	Frame Relay Service, Customer Connection at 384 Kbps	5	Calc	\$339.00			
COM16	Complete Choice for Business 6 line Package	16	Tariff	\$440.00			
COM17	Complete Choice for Business 7 line Package	4	Tariff	\$508.00			
COM18	Complete Choice for Business 8 line Package	6	Tariff	\$575.00			
COM19	Complete Choice for Business 9 line Package	12	Tariff	\$644.00			
RP144	Broadband Exchange Line, Fast Packet Option at 44.210 Mbps	3	Tariff	\$1,300.00			
RRH10	Frame Relay Service, Customer Connection at 44.210 Mbps	3	Calc	\$2,750.00			
NOTES: (addressing marginal rate elements)							
1. The rate element is a vertical/optional feature; therefore, it would either be ordered as part of a business line arrangement which would have sufficient margin (e.g., 1FB arrangement) or it would be ordered without a business line and the appropriate service order charge would apply.							
2. When the tariffed nonrecurring charge of \$70 is included in the analysis, the margin becomes \$1.55.							
3. Section A4 Installation charges are not applicable on these rate elements.							
4. When the revenue from the SLC is added, these elements will have more than enough margin.							

BACKUPFL

A B C D E F

FL-BACKUP Line		Qty	Unit Rate	Rate	Unit Cost	R/ Cost	NR Cost	Calculated Margin
SBLFX	Back-Up Line	1						
	Usage	118.71						
	Subscriber Line Charge	1						

A B C D E F

L-PBX Service		Qty	Unit Rate	Rate	Unit Cost	R Cost	NR Cost	Calculated Margin
M3	PBX Service, outward message rate trunk, additional	1						
	Usage							
	Subscriber Line Charge	1						
FL-PBX Service		Qty	Unit Rate	Rate	Unit Cost	Cost	NR Cost	Calculated Margin
M5	PBX Service, combination message rate trunk, additional	1						
	Usage							
	Subscriber Line Charge	1						
L-PBX Service DID		Qty	Unit Rate	Rate	Unit Cost	Cost	NR Cost	Calculated Margin
DD1X	PBX Service, DID inward trunk	1						
5DBD	Dual Tone Multifrequency pulsing option on DID	1						
	Subscriber Line Charge	1						

A B C D E F G

IL-CENTREX Average System		Qty	Unit Rate	Rate	Unit Cost	R Cost	NR Cost	NR Cost	Calculated Margin
11ACC	Customized Common Equipment	1							
ENAA	Standard Features per Station Line, each	14							
14LFA	Station Link Flat Rate	14							
19QCX	NAR Package Both Way Flat Rate	7							
11TG	Hunting/Rollover Service	7							
11GSA7	Parity charge-network access register	7							
IL-CENTREX Average System		Qty	Unit Rate	Rate	Unit Cost	R Cost	Unit NR Cost	NR Cost	Calculated Margin
11ACC	Customized Common Equipment	1							
ENAA	Standard Features per Station Line, each	14							
14LFH	Station Link Flat Rate	14							
19QCX	NAR Package Both Way Flat Rate	7							
11TG	Hunting/Rollover Service	7							
11GSA7	Parity charge-network access register	7							

A B C D E F

L-Foreign Exchange									
Average System									
USOC	Qty	Unit Rate	Revenue	Unit Cost	R Cost	NR Cost	Calculated	Margin	
FX5CX	1								
1D91X	1								
1L9FX-Fixed	1								1 Fixed per Channel Estimate
1L9FX-Measured	17								Remaining Qty ratio to Fixed
Subscriber Line Charge	1								
Total									
USOC	Qty	Unit Rate	Revenue	Unit Cost	R Cost	NR Cost	Calculated	Margin	
1FB	1								
1LHGV-Fixed	1								1 Fixed per Channel Estimate
1LHGV-Measured	3								Remaining Qty ratio to Fixed
Subscriber Line Charge	1								
Total									

		A	B	C	D	E	F	
FL-ESSX Average System		Qty	Unit Rate	Rate	Unit Cost	R Cost	NR Cost	Calculated Margin
RX3X	ESSX Intercom Charge, per flat rate main station	20						
EXMNX	Digital ESSX Service, Wire Center Lines, up to 2 1/2 miles, per Line	20						
LXO1	Package of 3 features, Group A	5						
ATPA	Call Forwarding	13						
QA	Network Access Register Flat Rate Service, 2-Way Operation, each (ESSX)	10						
HTG	Hunting/Rollover Service	10						
RGSA7	Parity charge-network access register installed after 7/83	10						
Loop weighting								
			Pct	Miles	Weighting			
EXMNX	Digital ESSX Service, Wire Center Lines, up to 2 1/2 miles, per Line	2,517	97.41%	2.50	2.43525			
EXMOX	Main station line, distance sensitive	67	2.59%	5.00	0.129643963			
	Total	2,584.00		Weighted	2.564893963			
					2.5 Mile			
FL-ESSX Average System		Qty	Unit Rate	Rate	Unit Cost	R Cost	NR Cost	Calculated Margin
RX3X	ESSX Intercom Charge, per flat rate main station	20						
EXMOX	Main station line, distance sensitive	20						
LXO1	Package of 3 features, Group A	5						
ATPA	Call Forwarding	13						
QA	Network Access Register Flat Rate Service, 2-Way Operation, each (ESSX)	10						
HTG	Hunting/Rollover Service	10						
RGSA7	Parity charge-network access register installed after 7/83	10						

A B C D E F

L-MULTISERV								
L-MULTISERV Average System		Qty	Unit Rate	Revenue	Unit Cost	R Cost	NR Cost	Calculated Margin
11ACC	Customized common Equipment	1						
11M52	5ESS Feature Group 2	18						
11LFA	MultiServu Station Link Flat Rate each	18						
ZR	FCC Charge for Network Access	18						
L-MULTISERV Plus Average System		Qty	Unit Rate	Revenue	Unit Cost	R Cost	NR Cost	Calculated Margin
11ACC	Customized common Equipment	1						
11M52	5ESS Feature Group 2	18						
14LFA	Station Link Flat Rate	18						
19QCX	NAR Package Both Way Flat Rate	8						
17TG	Hunting/Rollover Service	8						
ZR	FCC Charge for Network Access	18						

	A	B	C	D	E	F
L-Extension Service						
Typical System						
	USOC	Qty	Unit Rate	Revenue	Unit Cost	R Cost
					NR Cost	Calculated Margin
	1SE6X/1SE6Q/1SE6Y	1				
	1FB	2				
	9ZR	2				
Total						
	1FB and 9ZR represents an existing line that would be required before adding an extension service.					
	1FB/9ZR quantity based on the state average of 1FBs per Tie Code with this service.					

FRAME SERVICE

A B C D

FL-Frame Service								
USOC	Description	Qty	RateType	R Rate	R Cost	NR Cost	Margin	
FRH12	Frame Relay Service, Customer Connection at 128 Kbps	1	Calc					
FP115	Broadband Exchange Line Customers Premise to Wire Center at 1.536 Mbps	1	Calc					

MLINK

BellSouth Telecommunications, Inc.
Florida PSC Docket Nos. 010119 020578 - TP
Exhibit WBS-3
Page 16 of 17

FLUsage

BellSouth Telecommunications, Inc.
Florida PSC Docket Nos. 020119 020578 - TP
Exhibit WBS-3
Page 17 of 17

Private/Proprietary:No disclosure outside BellSouth except by written agreement.

BellSouth Telecommunications, Inc.
FPSC Docket Nos. 020119/020578-TP
Rebuttal Exhibit JAR-8
November 25, 2002

PROPRIETARY

Rebuttal Exhibit JAR-8

Network Telephone's May 20, 2002 Letter to FPSC

BellSouth's June 19, 2002 Response

(14 pages)

0

457874T



Communication has evolved.

2002 MAY 22 AM 8:58
DIVISION OF COMPETITIVE SERVICES

May 20, 2002

Mr. Walter D'Haeseleer, Director
Division of Competitive Markets and Enforcement
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850

RE: Informal Complaint of Network Telephone Regarding BellSouth Marketing Practices

Dear Mr. D'Haeseleer:

Attached please find a flyer that BellSouth distributed to a multi-line Pensacola business customer. Network Telephone has several issues with this ad:

2/16/02 25% discount
25.73 -> 19.30
32.95 -> 24.71

1. The rate of \$19.30 on the marketing piece is BellSouth's single-line price for Pensacola (Rate Group 6), less the 25% Key Customer discount. However, this flyer was given to a multi-line customer. The maximum discounted price for a multi-line customer in Pensacola is \$24.71, based on BellSouth's tariffed price and promotional discount. BellSouth's advertising is misleading.
2. The ad does not state that the price advertised is limited to single-line customers. In fact, BellSouth has implied otherwise by advertising free hunting on the same flyer. Hunting is only available to multi-line customers. In addition, according to the tariffed terms of the Key Customer promotion, customers must have minimum total billed revenue of \$75 monthly to be eligible. This minimum could easily be more than a single-line monthly bill.
3. The ad states "save at least 25% off BellSouth local service tariffed rates" (emphasis added) when you sign up for a term agreement. The ad is misleading in this respect. The maximum that can be saved off of the tariffed local service charge is 25%, according to the promotion as filed with the FPSC.
4. The ad is focused as a winback. "Come back to BellSouth" is used throughout the flyer. BellSouth advised the FPSC some time ago that it had ceased winback

Florida PSC
May 20, 2002
Page Two

activities in Florida. The Key Customer Program is not couched as a winback plan in the tariff, and is not termed as applicable to customers only in competitive situations. It appears BellSouth may be offering the Key Customer promotion in a discriminatory manner to existing ALEC customers, rather than to the general body of eligible customers.

Network Telephone believes this type of advertising is misleading, is a violation of the tariff BellSouth has filed in Florida, and is being used as a winback campaign.

I would appreciate your investigation and appropriate action.

Sincerely,

A handwritten signature in cursive script that reads "Margaret H. Ring".

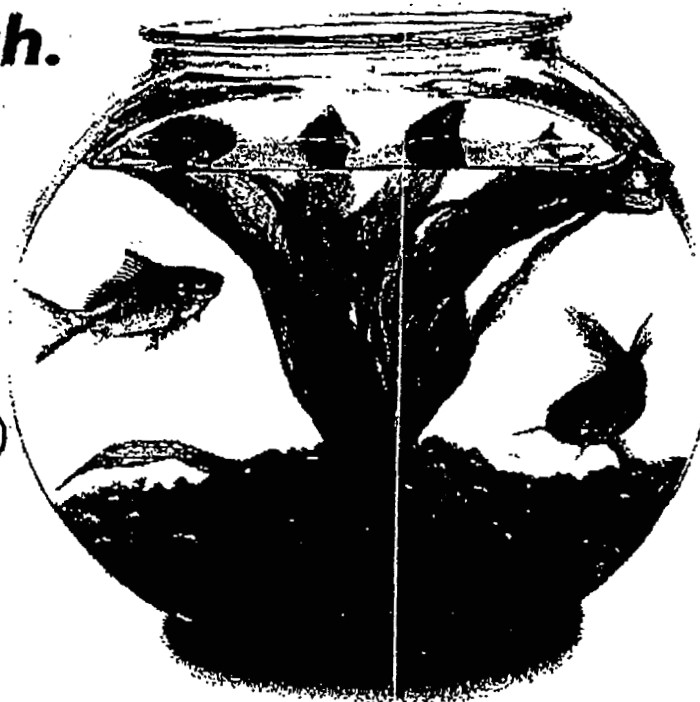
Margaret H. Ring, Director
Regulatory Affairs

Encl.

Come back to BellSouth.

Save at
least 25%*

on your monthly local
service - that's just **\$19.30***
per line per month.



Plus get:

- Free line installation*
- Hunting at no charge
- Special savings on Internet services

Come back to BellSouth

at at least 25% off BellSouth local service tariffed rates when you select a 36-month term agreement. You'll also get free line installation, free hunting (rollover), and you'll be eligible for special savings on BellSouth Internet services such as BellSouth FastAccess® DSL and BellSouth® Dedicated Internet Access service.

© 2002 BellSouth Corporation. All service marks and trademarks contained herein are the property of BellSouth Intellectual Property Corporation or their respective owners.

Come back to reliability

Come back to BellSouth, your trusted source for quality communications services. With 99.999% dial tone liability, you can count on the BellSouth network to work for you. That kind of reliability is critical to keeping your business, your customers and your co-workers connected.

Come back to a wide range of products and services

BellSouth offers much more than just local phone service. From wireless to high speed Internet access, voice messaging, wireless e-mail and more, BellSouth can provide you with a solution that's right for your small business. Since it can all be billed on our BellSouth Bill, you'll have only one provider to call. At BellSouth, our goal is to deliver the high-quality, affordable products and services you need to maximize your communication and grow your business.

Come back to BellSouth's superior service

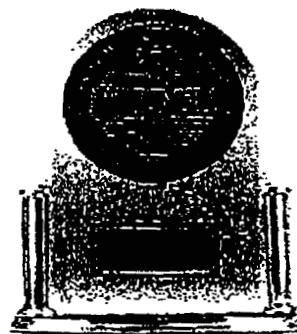
BellSouth, your savings are backed by more than 100 years of quality service. Contact a BellSouth Small Business Specialist today and let us show you how we can benefit your business.

Come back to BellSouth

today and start saving,

call 1-888-868-3943 or visit

www.bellsouth.com/smallbusiness



BellSouth is the 2001 recipient of the J.D. Power and Associates Award for "Highest Customer Satisfaction With Small Business Local Telephone Service Providers."†

**PAGES 4-14 HAVE BEEN
REDACTED IN THEIR
ENTIREITY**

1 BELLSOUTH TELECOMMUNICATIONS, INC.
2 REBUTTAL TESTIMONY SAMUEL G. MASSEY
3 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
4 DOCKET NOS. 020119-TP and 020578-TP
5 NOVEMBER 25, 2002

6
7 Q. PLEASE STATE YOUR NAME, YOUR POSITION WITH BELLSOUTH
8 TELECOMMUNICATIONS, INC. ("BELLSOUTH") AND YOUR
9 BUSINESS ADDRESS.

10
11 A. My name is Sam Massey. I am a Marketing Manager with BellSouth.
12 My address is 1057 Lenox Park Boulevard, Room 3D20, Atlanta,
13 Georgia 30319.

14
15 Q. PLEASE PROVIDE A BRIEF DESCRIPTION OF YOUR BACKGROUND
16 AND EXPERIENCE.

17
18 A. I graduated from the Georgia Institute of Technology in Atlanta, Georgia
19 in 1987 with a Bachelor of Science degree in Industrial Management. I
20 completed my Masters Degree in Business Administration in 1989 at the
21 State University of West Georgia. I worked in BellSouth's Finance and
22 Forecasting organizations from May 1998 through February 2002. In
23 February 2002, I joined the BellSouth Strategic Analysis group of
24 BellSouth's Small Business Service unit as Manager of Competitive and
25 Strategic Analysis.

1

2 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

3

4 A. I will rebut various aspects of the direct testimony of Joseph Gillan,
5 Danyelle Kennedy, and Michael Gallagher, including their suggestions
6 that: local exchange competition in Florida is “in its infancy” and
7 BellSouth is in a position to “frustrate the emergence of competition”
8 (Gillan at p.2, ll. 3-4); BellSouth “still effectively enjoys monopoly status
9 in its incumbent territory” (Gallagher at p. 4, ll. 10-12); BellSouth is
10 somehow using the January and June Key customer offerings to
11 “eliminate competition from the market” (Kennedy at p. 11, ll. 12-14);
12 and the termination charges in the January and June Key Customer
13 offerings “‘lock-up’ customers in the coffers of the dominant provider and
14 deter customers from freely migrating even if they find a better
15 provider.” (Gallagher at p. 16, ll. 5-7).

16

17 In particular, I present BellSouth’s estimate of the percentage of the
18 total number of small business access lines in BellSouth’s operating
19 territory in Florida that are being served by BellSouth. I also explain how
20 BellSouth prepared this estimate, and I address the number of access
21 lines that are receiving benefits under the January and June Key
22 Customer offerings.

23

24 Competitors in Florida are winning all types of small business customers
25 in rapidly increasing numbers contrary to Messrs. Gillan and Gallagher’s

1 suggestions otherwise. In fact, the percentage of the total number of
2 small business access lines in BellSouth's operating territory in Florida
3 that are being served by BellSouth has steadily decreased from
4 approximately 90% at the end of 1999 to approximately 71.5% in
5 September 2002. This hardly represents competition in its infancy or
6 monopoly status.

7

8 Q. WHAT IS BELLSOUTH'S ASSESSMENT OF THE OVERALL
9 COMPETITIVENESS OF THE SMALL BUSINESS MARKET IN
10 FLORIDA?

11

12 A. The market is highly competitive. Our competitors operate in a very
13 focused and targeted manner. They typically concentrate on small to
14 mid-sized businesses, and they typically offer their services in focused,
15 targeted geographic areas. In the areas in which they choose to
16 compete, our competitors are gaining significant numbers of small
17 business access lines, far from being "eliminated."

18

19 Q. WHAT IS THE BASIS FOR THAT STATEMENT?

20

21 A. Each month BellSouth uses retail information to develop an estimate of
22 the percentage of small business access lines in its operating territory in
23 Florida that BellSouth actually serves. The chart below shows this
24 percentage for the months of January 2000 through September 2002.
25 As evidenced by this chart, the percentage of these small business lines

1 that are served by BellSouth has fallen from an overstated estimate of
2 90.0% at the end of 1999 to an overstated estimate of 71.5% in
3 September 2002.¹ SBS is currently losing between 0.3% and 0.4%
4 additional share points every month, which equates to roughly 3.6% to
5 4.8% annually. Clearly customers are able to migrate freely.

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

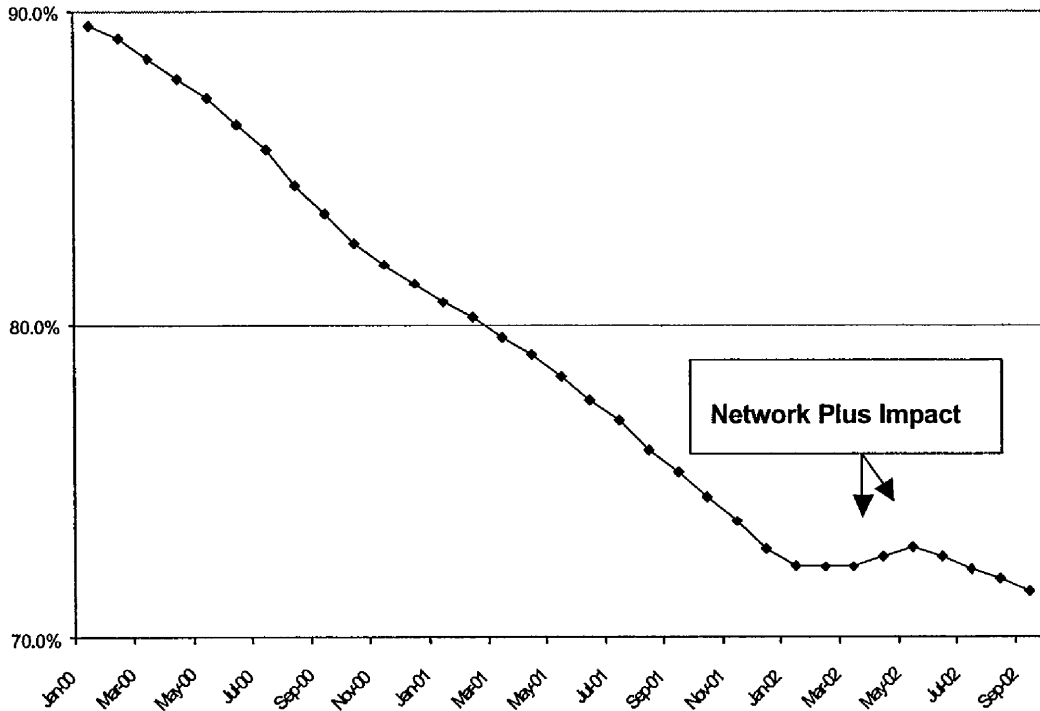
24

25 ¹ I will explain why these percentages are overstated later in my testimony.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

FIGURE 1

**BellSouth Small Business Services
Florida Access Line Market Share**



Q. WHAT KIND OF SMALL BUSINESS CUSTOMERS ARE LEAVING BELL SOUTH TO BE SERVED BY BELL SOUTH'S COMPETITORS?

A. All kinds. A few examples of some of the small business customers that have disconnected service with BellSouth to go to competitors include:

[REDACTED]

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25



Customers like these are the lifeblood of BellSouth's Small Business Services unit. As shown by this list, competitors are winning all types of small business customers. This is the reason BellSouth's share of the small business market is at present levels and declining rapidly, demonstrating clearly that competition is in fact emerging.

Q. WHAT ACCOUNTS FOR THE SLIGHT INCREASE IN BELLSOUTH'S PERCENTAGE OF THESE LINES BETWEEN MARCH 2002 AND MAY 2002 IN FIGURE 1?

A. During the March through May 2002 time period, Network Plus, an ALEC operating in Florida, Georgia, and North Carolina, wound down its operations. Before it ultimately ceased operations in mid-May of 2002, its customers were forced to choose new local service providers. While BellSouth retail units do not know how many access lines migrated from Network Plus to BellSouth during this time period, there was a noticeable increase in access lines installed during this time (as reflected in Figure 1), and the migration of customers from Network Plus to BellSouth likely caused that increase.

Q. HOW DID BELLSOUTH DEVELOP THE ESTIMATED PERCENTAGES SET FORTH IN FIGURE 1?

1 A. Each month, BellSouth uses retail data to determine the total number of
2 BellSouth small business switched access lines in Florida ("BellSouth
3 Lines"). That number is divided by the sum of that number plus the net
4 of: (1) the cumulative number of BellSouth small business switched
5 access lines that have disconnected from BellSouth for what BellSouth
6 believes, based on retail information, are competitive reasons
7 ("Cumulative Competitive Disconnects"); and (2) the cumulative number
8 of small business switched access lines that have come to BellSouth
9 from competitors ("Cumulative Lines Acquired from ALECs"). Stated in
10 formula form:

11

$$\frac{\text{BellSouth Lines}}{\text{BellSouth Lines} + (\text{Cumulative Competitive Disconnects} - \text{Cumulative Lines Acquired from ALECs})}$$

12 -----
13 -----
14

15
16 The resulting figure represents the estimated percentage of small
17 business switched access lines in BellSouth's operating territory that are
18 being served by BellSouth.

19
20 Q. HOW LONG HAS BELLSOUTH TRACKED DATA ON THE NUMBER OF
21 LINES IT HAS ACQUIRED FROM ALECS?

22
23 A. Since January 2000.
24
25

1 Q. HOW CAN BELLSOUTH USE THE FORMULA DESCRIBED ABOVE IF
2 IT ONLY BEGAN TRACKING THE NUMBER OF LINES ACQUIRED
3 FROM ALECS IN JANUARY 2000?

4
5 A. BellSouth tracked competitive disconnects prior to January 2000, so
6 BellSouth knows the Cumulative Competitive Disconnects as of the
7 end of 1999. BellSouth used data on lines acquired from CLECs
8 during the year 2000 to estimate the Cumulative Lines Acquired from
9 ALECs as of the end of 1999.
10

11
12 BellSouth calculated the ratio of Lines Acquired from ALECs in the year
13 2000 to Competitive Disconnects in the year 2000. BellSouth applied
14 that ratio to the Cumulative Competitive Disconnects as of the end of
15 1999 to estimate the Cumulative Lines Acquired from ALECs as of the
16 end of 1999.
17

18 Q. WOULD IT NOT BE EASIER, AND PERHAPS MORE ACCURATE, TO
19 USE WHOLESALE DATA TO ESTIMATE THE PERCENTAGE OF
20 SMALL BUSINESS SWITCHED ACCESS LINES IN BELLSOUTH'S
21 OPERATING TERRITORY THAT ARE BEING SERVED BY
22 BELLSOUTH.
23

24
25

1 A. Perhaps, but these estimates are prepared by a BellSouth retail unit,
2 and BellSouth's retail units do not have access to wholesale information.
3 Accordingly, no wholesale information was used to prepare these
4 estimates.

5

6 Q. WHAT IMPACT DOES THE USE OF ONLY RETAIL DATA HAVE ON
7 THE CALCULATIONS YOU HAVE DESCRIBED?

8

9 A. In all likelihood, BellSouth actually serves an even lower percentage of
10 the small business access lines in its operating territory in Florida than is
11 reflected in the estimates set forth in my testimony. This is the case for
12 at least two reasons.

13

14 First, no new market growth is included in the estimates set forth in my
15 testimony. By "new market growth," I am referring to things such as:
16 small business customers leaving BellSouth for an ALEC and then
17 purchasing additional (or "growth") lines from the ALEC; brand new
18 small businesses ordering lines from ALECs; existing BellSouth small
19 business customers opening new locations and ordering service at those
20 locations from ALECs; and existing BellSouth small business customers
21 adding new lines at an existing location and purchasing those new lines
22 from ALECs. In each of these (and other similar) situations, the lines
23 that are being purchased never were with BellSouth. These lines,
24 therefore, are not included in BellSouth's market share calculations
25 because BellSouth has no retail information that indicates the existence

1 of these lines, and the result is that BellSouth overstates its share of the
2 small business market.

3

4 Second, the competitive disconnects recorded by BellSouth SBS each
5 month do not include any lines that are disconnected because a current
6 customer has chosen to have some or all of its local service provided by
7 a wireless carrier.

8

9 Q. DOES THE CUMULATIVE COMPETITIVE DISCONNECT FIGURE
10 INCLUDE MIGRATION TO OTHER BELLSOUTH PRODUCTS (I.E.,
11 DATA PRODUCTS)?

12

13 A. No. Any migration to other products is handled through a change order
14 that does not appear as a competitive disconnect in the retail data
15 BellSouth uses in these market share calculations. Thus, when a
16 customer disconnects a switched access line and installs a new data
17 line, the disconnection of that switched access line is not included in the
18 number of competitive disconnects for that month.

19

20 Q. DO YOU HAVE INFORMATION SIMILAR TO WHAT YOU HAVE SET
21 FORTH IN FIGURE 1 FOR THE WIRE CENTERS THAT ARE
22 INCLUDED IN THE JANUARY AND JUNE KEY CUSTOMER
23 OFFERINGS?

24

25

1 A. Yes. BellSouth's estimated share in each of these wire centers as
2 of September 2002, is set forth in Exhibits SGM-1 and SGM-2 to
3 my testimony. BellSouth tracked competitive disconnects prior to
4 January 2001, but did not track lines acquired from ALECS on a
5 wire center basis prior to January 2001. BellSouth used data on
6 lines acquired from CLECs during the year 2001 to estimate the
7 Cumulative Lines Acquired from ALECs as of the end of 2000.
8

9
10 BellSouth calculated the ratio of Lines Acquired from ALECs in the year
11 2001 to Competitive Disconnects in the year 2001. BellSouth applied
12 that ratio to the Cumulative Competitive Disconnects as of the end of
13 2000 to estimate the Cumulative Lines Acquired from ALECs as of the
14 end of 2000.
15

16
17 Q. HOW MANY SMALL BUSINESS ACCESS LINES ARE IN SERVICE IN
18 BELLSOUTH'S OPERATING TERRITORY IN FLORIDA?
19

20 A. Because BellSouth has no way of knowing how many access lines
21 ALECs actually are providing to small business customers in BellSouth's
22 territory, BellSouth can only estimate that number. As explained above,
23 the method by which BellSouth uses retail data to develop that estimate
24 understates the number of small business access lines being served by
25 ALECs. With that qualification, and based on retail data, BellSouth

1 estimates that as of September 2002, approximately 1,094,052 access
2 lines were serving small business customers in BellSouth's operating
3 territory in Florida. BellSouth was providing 782,048 of those lines
4 (71.5%), and BellSouth estimates that ALECs were providing 312,004 of
5 those lines (28.5%).

6

7 Q. HOW MANY OF THESE ACCESS LINES ARE RECEIVING BENEFITS
8 UNDER THE JANUARY OR JUNE KEY CUSTOMER OFFERINGS?

9

10 A. As of September 13, 2002, 89,208 of BellSouth's small business access
11 lines were receiving benefits under the January Key Customer offering,
12 and 23,092 of BellSouth's small business access lines were receiving
13 benefits under the June Key Customer offering. The combined total of
14 approximately 112,300 lines that are receiving benefits under the
15 January and June Key Customer offerings represent less than 15% of
16 the 782,048 small business access lines served by BellSouth in Florida,
17 and it represents less than 11% of the 1,094,052 total small business
18 access lines that BellSouth conservatively estimates are in service in
19 BellSouth's operating territory.

20

21 Q. WHAT PERCENTAGE OF LINES THAT ARE ELIGIBLE FOR THE
22 JANUARY AND JUNE KEY CUSTOMER OFFERINGS ARE ACTUALLY
23 RECEIVING BENEFITS UNDER THE JANUARY AND JUNE KEY
24 CUSTOMER OFFERINGS?

25

1 A. As of August 30, 2002, approximately 617,961 of BellSouth's small
2 business access lines in Florida were eligible for the June Key Customer
3 offering. Accordingly, the combined total of approximately 112,300 lines
4 that are receiving benefits under the January and June Key Customer
5 offerings represent less than 19% of the BellSouth's small business
6 access lines that are eligible to participate in the offerings.

7

8 Q. PLEASE SUMMARIZE YOUR TESTIMONY.

9

10 A. Even calculations that overstate BellSouth's market share show that
11 BellSouth has lost almost 30% of its small business access line market
12 share in the state of Florida, and BellSouth is continuing to lose market
13 share at the rate of more than 0.3%-0.4% percentage points each
14 month, which equates to roughly 3.6% to 4.8% annually. BellSouth
15 share of the market is significantly lower in many wire centers. There
16 can be no doubt that competition is thriving in the state of Florida.

17

18 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

19

20 A. Yes.

21

22

23

24

25

A

January Key

CLLI	Wire Center (CO)	Estimated Share as of Sept-2002
BCRTFLBT	BCRT BOCA TEECA	
BCRTFLMA	BOCA RATON MAIN	
BCRTFLSA	BCRT SANDALFOOT	
BKVLFLJF	BROOKSVILLE	
BLGLFLMA	BELLE GLADE MAIN	
BNNLFLMA	BUNNEL	
BYBHFLMA	BOYNTON BEACH MAIN	
CCBHFLMA	COCOA BEACH	
COCOFLMA	COCOA-MAIN	
COCOFLME	COCOA-MERRITT ISLAND	
DBRYFLDL	DEBARY DELTONA	
DBRYFLMA	DEBARY MAIN	
DELDFLMA	DELAND	
DLBHFLKP	DLBH KINGS POINT	
DLBHFLMA	DELRAY BCH MAIN	
DRBHFLMA	DEERFIELD BEACH MAIN	
DYBHFLMA	DYBH-MAIN	
DYBHFLPB	DYBH-ORMND BCH	
DYBHFLPO	DYBH-PORT ORANGE	
EGLLFLBG	EGLL-BOWE GDNS	
EGLLFLIH	EGLL-INDN HBR BH	
FRBHFLFP	FERNANDINA BCH	
FTLDFLCR	FTLD CORAL RIDGE	
FTLDFLCY	FTLD CYPRESS	
FTLDFLJA	FTLD JACARANDA	
FTLDFLMR	FT LAUD MAIN RELIEF	
FTLDFLQA	FTLD OAKLAND	
FTLDFLPL	FTLD PLANTATION	
FTLDFLSG	FTLD SAWGRASS	
FTLDFLSU	FTLD SUNRISE	
FTLDFLWN	FTLD WESTON	
FTPRFLMA	FORT PIERCE MAIN	
GLBRFLMC	GULF BREEZE	
GSVLFLMA	GSVL-MAIN	
GSVLFLNW	GSVL-NORTHWEST	
HLWDFLHA	HLWD HALLANDALE	
HLWDFLMA	HOLLYWOOD MAIN	
HLWDFLPE	HLWD PEMBROKE PINES	
HLWDFLWH	HLWD WEST HOLLYWOOD	
HMSTFLHM	HOMESTEAD MAIN	
HTISFLMA	HTCHNSON IS MAIN	
JCBHFLMA	JCBH-MAIN	
JCVLFLAR	JCVL-ARLINGTON	
JCVLFLBW	JCVL-BEACHWOOD	
JCVLFLCL	JCVL-CLAY STREET MGO	
JCVLFLFC	JCVL-FT CAROLINE	
JCVLFLIA	JCVL-INT'L AIRPORT	
JCVLFLJT	JCVL-SOUTHPOINT	
JCVLFLLF	JCVL-LAKE FOREST	
JCVLFLNO	JCVL-NORMANDY	
JCVLFLOW	JCVL-OCEANWAY	
JCVLFLRV	JCVL-RIVERSIDE	
JCVLFLSJ	JCVL-SAN JOSE	
JCVLFLSM	JCVL-SAN MARCO	
JCVLFLWC	JCVL-WESCONNETT	
JPTRFLMA	JUPITER MAIN	
KYWSFLMA	KEY WEST MAIN	
LKCYFLMA	LAKE CITY	
LKMRFLMA	LAKE MARY	
MIAMFLAE	MIAM ALHAMBRA	
MIAMFLAL	MIAM ALLAPATTAH	
MIAMFLAP	MIAM AIRPORT	
MIAMFLBA	MIAM BAYSHORE	
MIAMFLBC	MIAM BISCAYNE	
MIAMFLBR	MIAM BEACH	
MIAMFLCA	MIAM CANAL	
MIAMFLDB	MIAM JADELAND BLVD	
MIAMFLFL	MIAM FLAGLER	
MIAMFLGR	MIAM GRANDE	

PROPRIETARY

A

January Key

Estimated Share as of
Sept-2002

CLLH	Wire Center (CO)	Estimated Share as of Sept-2002
MIAMFLHL	MIAM HIALEAH	
MIAMFLIC	MIAM INDIAN CREEK	
MIAMFLKE	MIAM KEY BISCAYNE	
MIAMFLME	MIAM METRO	
MIAMFLNM	MIAM NORTH MIAMI	
MIAMFLNS	MIAM NORTHSIDE	
MIAMFLLOL	MIAM OPA LOCKA	
MIAMFLPB	MIAM POINCIANA	
MIAMFLPL	MIAM PALMETTO	
MIAMFLRR	MIAM RED ROAD	
MIAMFLSH	MIAM MIAMI SHORES	
MIAMFLSO	MIAM SILVER OAKS	
MIAMFLWD	MIAM W. DADE	
MIAMFLWM	MIAM W. MIAMI	
MLBRFLMA	MELBOURNE	
MLTNFLRA	MILTON RAVINE	
MNDRFLLO	MNDR-LORETTO	
NDADFLAC	NDAD ARCH CREEK	
NDADFLBR	NDAD BRENTWOOD	
NDADFLGG	NDAD GOLDEN GLADES	
NDADFLLOL	NDAD OLETA	
NSBHFLMA	NEW SMYRNA BCH	
ORLDFLAP	ORLD-AZALEA PARK	
ORLDFLCL	ORLD-COLONIAL	
ORLDFLMA	ORLD-MAGNOLIA	
ORLDFLPC	ORLD-PINECASTLE	
ORLDFLPH	ORLD-PINEHILLS	
ORLDFLSA	ORLD-SAND LAKE	
ORPKFLMA	ORPK-MAIN	
ORPKFLRW	ORPK-RIDGEWOOD	
OVIDFLCA	OVIEDO	
PCBHFLNT	PANAMA CITY BEACH	
PLCSFLMA	PALM COAST	
PLTKFLMA	PALATKA	
PMBHFLCS	PMBH CORAL SPRINGS	
PMBHFLFE	PMBH FEDERAL	
PMBHFLMA	PMBH MARGATE	
PMBHFLTA	PMBH TAMARAC	
PNCYFLMA	PANAMA CITY MAIN	
PNSCFLBL	PNSC-BELMONT	
PNSCFLFP	PNSC-FERRY PASS	
PNSCFLWA	PNSC-WARRINGTON	
PNVDFLMA	PONTE VEDRA BCH	
PRRNFLMA	PERRINE MAIN	
PTSLFLMA	PORT ST. LUCIE MAIN	
PTSLFLSO	PTSL SOUTH PTSL	
SNFRFLMA	SANFORD-O-WS	
STAGFLMA	STAG-MAIN	
STRFLMA	STUART MAIN	
TTVFLMA	TITUSVILLE	
VRBHFLMA	VERO BEACH MAIN	
WPBHFLAN	WPBH MAIN ANNEX	
WPBHFLGA	WPBH GREENACRES	
WPBHFLGR	WPBH GARDENS	
WPBHFLHH	WPBH HAVERHILL	
WPBHFLLE	WPBH LAKE WORTH	
WPBHFLRB	WPBH RIVIERA BCH	
WPBHFLRP	WPBH RYL PLM BCH	
WWSPFLHI	WWSP-HIGHLAND	
WWSPFLSH	WWSP-SPRING HILL	

PROPRIETARY

A

June Key		Estimated Share as of Sept-2002
CELL	Wire Center (CO)	
BCRTFLBT	BCRT BOCA TEECA	
BCRTFLMA	BOCA RATON MAIN	
BCRTFLSA	BCRT SANDALFOOT	
BKVLFLJF	BROOKSVILLE	
BYBHFLMA	BOYNTON BEACH MAIN	
CCBHFLMA	COCCA BEACH	
COCOFLMA	COCCA-MAIN	
COCOFLME	COCCA-MERRITT ISLAND	
DBRYFLDL	DEBARY DELTONA	
DBRYFLMA	DEBARY MAIN	
DELDFLMA	DELAND	
DLBHFLKP	DLBH KINGS POINT	
DLBHFLMA	DELRAY BEACH MAIN	
DRBHFLMA	DEERFIELD BEACH MAIN	
DYBHFLMA	DYBH-MAIN	
DYBHFLPB	DYBH-ORMOND BEACH	
DYBHFLPO	DYBH-PORT ORANGE	
EGLLFLBG	EGLL-BOWE GARDENS	
EGLLFLIH	EGLL-INDIAN HRBR BCH	
FRBHFLFP	FERNANDINA BEACH	
FTLDFLCR	FTLD CORAL RIDGE	
FTLDFLCY	FTLD CYPRESS	
FTLDFLJA	FTLD JACARANDA	
FTLDFLMR	FT LAUD MAIN RELIEF	
FTLDFLQA	FTLD OAKLAND	
FTLDFLPL	FTLD PLANTATION	
FTLDFLSG	FTLD SAWGRASS	
FTLDFLSU	FTLD SUNRISE	
FTLDFLWN	FTLD WESTON	
FTPRFLMA	FORT PIERCE MAIN	
GLBRFLMC	GULF BREEZE	
GSVLFLMA	GSVL-MAIN	
HLWDFLHA	HLWD HALLANDALE	
HLWDFLMA	HOLLYWOOD MAIN	
HLWDFLPE	HLWD PEMBROKE PINES	
HLWDFLWH	HLWD WEST HOLLYWOOD	
HMSTFLHM	HOMESTEAD MAIN	
HTISFLMA	HUTCHINSON IS. MAIN	
JCBHFLMA	JCBH-MAIN	
JCVLFLAR	JCVL-ARLINGTON	
JCVLFLBW	JCVL-BEACHWOOD	
JCVLFLCL	JCVL-CLAY STREET MGO	
JCVLFLFC	JCVL-FORT CAROLINE	
JCVLFLJT	JCVL-SOUTHPOINT	
JCVLFLLF	JCVL-LAKE FOREST	
JCVLFLNO	JCVL-NORMANDY	
JCVLFLOW	JCVL-OCEANWAY	
JCVLFLRV	JCVL-RIVERSIDE	
JCVLFLSJ	JCVL-SAN JOSE	
JCVLFLSM	JCVL-SAN MARCO	
JCVLFLWC	JCVL-WESCONNETT	
JPTRFLMA	JUPITER MAIN	
KYWSFLMA	KEY WEST MAIN	
LKMRFLMA	LAKE MARY	
MIAMFLAE	MIAM ALHAMBRA	
MIAMFLAL	MIAM ALLAPATTAH	
MIAMFLAP	MIAM AIRPORT	
MIAMFLBA	MIAM BAYSHORE	
MIAMFLBC	MIAM BISCAYNE	
MIAMFLBR	MIAM BEACH	
MIAMFLCA	MIAM CANAL	
MIAMFLDB	MIAM DADELAND BLVD	
MIAMFLFL	MIAM FLAGLER	
MIAMFLGR	MIAM GRANDE	
MIAMFLHL	MIAM HIALEAH	

PROPRIETARY

A

June Key		Estimated Share as of
CLI	Wire Center (CO)	Sept-2
MIAMFLIC	MIAM INDIAN CREEK	
MIAMFLME	MIAM METRO	
MIAMFLNM	MIAM NORTH MIAMI	
MIAMFLNS	MIAM NORTHSIDE	
MIAMFLOL	MIAM OPA LOCKA	
MIAMFLPB	MIAM POINCIANA	
MIAMFLPL	MIAM PALMETTO	
MIAMFLRR	MIAM RED ROAD	
MIAMFLSH	MIAM MIAMI SHORES	
MIAMFLSO	MIAM SILVER OAKS	
MIAMFLWD	MIAM W. DADE	
MIAMFLWM	MIAM W. MIAMI	
MLBRFLMA	MELBOURNE	
MNDRFLLO	MNDR-LORETTO	
NDADFLAC	NDAD ARCH CREEK	
NDADFLBR	NDAD BRENTWOOD	
NDADFLGG	NDAD GOLDEN GLADES	
NDADFLLO	NDAD OLETA	
NSBFLMA	NEW SMYRNA BCH	
ORLDFLAP	ORLD-AZALEA PARK	
ORLDFLCL	ORLD-COLONIAL	
ORLDFLMA	ORLD-MAGNOLIA	
ORLDFLPC	ORLD-PINECASTLE	
ORLDFLPH	ORLD-PINEHILLS	
ORLDFLSA	ORLD-SAND LAKE	
ORPKFLMA	ORPK-MAIN	
ORPKFLRW	ORPK-RIDGEWOOD	
OVIDFLCA	OVIDO	
PCBHFLNT	PANAMA CITY BEACH	
PMBHFLCS	PMBH CORAL SPRINGS	
PMBHFLFE	PMBH FEDERAL	
PMBHFLMA	PMBH MARGATE	
PMBHFLTA	PMBH TAMARAC	
PNCYFLMA	PANAMA CITY MAIN	
PNSCFLBL	PNSC-BELMONT	
PNSCFLFP	PNSC-FERRY PASS	
PNSCFLWA	PNSC-WARRINGTON	
PNVDFLMA	PONTE VEDRA BCH	
PRRNFLMA	PERFINE MAIN	
PTSLFLMA	PORT ST. LUCIE MAIN	
PTSLFLSO	PTSL SOUTH PTSL	
SNFRFLMA	SANFORD-O-WS	
STAGFLMA	STAG-MAIN	
STRNFLMA	STUART MAIN	
TTVFLMA	TITUSVILLE	
VRBHFLMA	VERO BEACH MAIN	
WPBHFLAN	WPBH MAIN ANNEX	
WPBHFLGA	WPBH GREENACRES	
WPBHFLGR	WPBH GARDENS	
WPBHFLHH	WPBH HAVERHILL	
WPBHFLLE	WPBH LAKE WORTH	
WPBHFLRB	WPBH RIVIERA BEACH	
WPBHFLRP	WPBH ROYAL PALM BCH	
WWSPFLHI	WWSP-HIGHLAND	
WWSPFLSH	WWSP-SPRING HILL	
VRBHFLBE	VRBH BEACHLAND	
MNDRFLAV	MNDR-AVENUES	

PROPRIETARY